

## **EXHIBIT “B”**

Mullarkey is avail for next two hours

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## Marilyn Adler

**From:** Marilyn Adler  
**Sent:** Sunday, December 19, 2004 9:00 PM  
**To:** Amnon Mandelbaum; Nathan Low  
**Subject:** Workstream

I spoke to Michael last night and this afternoon and found it extremely helpful.

1) The Company has a recurring revenue model.

They are paid \$1 per employee per month for 36 months, which is the length of a typical contract. A 10,000 person company will give them a 3 year contract for \$360,000 value. That is the price for only one module and Workstream has 7 different modules to offer. Citibank started using Workstream for 2 divisions and is now using them in 11 divisions, which is about \$850,000 per year for 3 years. Michael thinks that over time expand to 14 to 15 out of a total of 17 divisions within Citibank. Their largest customer is Kaiser Permanente, which they have a contract for \$100,000 per month for 3 years.

2) Michael thinks they will be at \$44mm of revenues for May 2005 and \$8mm of EBITDA. They are doing a lot of their development work in India and will be able to reduce redundant staff by 35 developers and 15 professionals, which will cut costs by 17%.

3) I think Workstream looks favorable when compared to others, especially with the higher revenues that they are projecting for next year.

a) Liveperson - LPSN - online communication ASP that delivers real time sales, marketing and service solutions. \$115mm market cap. \$12mm revenues and \$383,000 EBITDA. Price/Sales of 6.8x.

b) Ultimate Software - ULTI - designs, develops, implements and supports payroll and workforce management solutions. \$293mm market cap. \$68mm revenues and (\$7.9mm) EBITDA loss. Price/Sales of 4.3x.

c) Concur Technologies - CNQR - provider of corporate expense management solutions. \$296mm market cap. \$56mm of revenues and \$1.7mm EBITDA. Price/Sales of 5.3x.

d) Rightnow Technologies - RNOW - provider of on demand software solutions designed to optimize customer service operations. \$504mm market cap. Revenues of \$36mm for 12/31/03 and if you annualize third quarter of 2004 of \$16mm of revenues so \$64mm run rate, Price/Sales of 7.9x based on run rate revenues.

Workstream did \$5.7mm for the quarter ended August 31, 2004 and will do \$8.5mm to \$9.0mm for the quarter ended November 30, 2004. If you annualize \$8.5mm run rate to be \$34mm of revenues for the year and add in \$10mm of revenues for the ProAct acquisition, then \$44mm of revenues. At \$120mm market cap, Workstream is trading at 2.7x revenues, which is much lower than the average of the 4 comps ( 6.1x revenue). Even if you look at the lowest comp, which is 4.3x, Workstream would trade at \$189mm market cap, which would equate to a downside of \$4.58 per share, well above the \$3 price.

**From:** Amnon Mandelbaum  
**Sent:** Sun 12/19/2004 7:17 PM

D-170068

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**To:** Nathan Low  
**Cc:** Marilyn Adler  
**Subject:** RE: Mullarkey is avail for next two hours

will try to get hold of michael but couple of quick observations from first glance:

- seems the company is already overpriced (around 52 weeks high) and to pay a premium on top of it does not seem prudent.  
mkt cap of 120mm with book value of 7mm, lost money both in fy 03 and fy04. revenues slightly declined from fy03 to fy04. margins are poor (operating profits negative throughout and even in fy05 projected by roth to continue negative). comparable are somewhat inaccurate as the majority of others already currently perform (where wstm is yet to deliver) and if compared on actual results wstm is one of the expensive one and not the cheapest. hence its all boil down to future performance in terms of growing through m&As through accretive transactions and being able to fully executed, ability to integrate and avoid leakage of customers. if this is the base for investment - should get a discount and not premium given the level of uncertainty. also some competitors that are not mentioned trade on lower multiples (i.e GEAC - P/E multiple of about 9 so if applied to the average adjusted net income (which also questionable because not all depreciation and amortization can be added back - the company do have some capital investment that need to be funded thus aggressive assumption but nevertheless..) of wstm for fy05 and fy06 barely even justify the current mkt cap ). on the same topic - some competitors (i.e.kintera) deal with collecting funding for non profit organizations so what the relevance to wstm, except that they are webbased what's so attractive here? if rubicon did a month of dd and found it attractive, i be will extremely interested to get a copy so on this short notice get comfortable about the attraction here?

bottom line so far - interesting space but EXPENSIVE

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**From:** Nathan Low  
**Sent:** Sun 12/19/2004 6:21 PM  
**To:** Amnon Mandelbaum  
**Subject:** Mullarkey is avail for next two hours

On his cell phone. Encourage you to speak. With him directly about revs and margins

-----Original Message-----

**From:** Amnon Mandelbaum <amnon@sunrisecorp.com>  
**To:** Nathan Low <nathan@sunrisecorp.com>  
**CC:** Marilyn Adler <marilyn@sunrisecorp.com>  
**Sent:** Sun Dec 19 18:00:21 2004  
**Subject:** Re: I think we should do 5mm of the

I know nothing about this company but Can you pls explain if this is the deal of the century why do we get no notice on this deal and last minute notice to invest, and not time for diligence, specifically on a sunrise deal?

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Sent from my BlackBerry Wireless Handheld

-----Original Message-----

**From:** Nathan Low <nathan@sunrisecorp.com>  
**To:** Amnon Mandelbaum <amnon@sunrisecorp.com>  
**CC:** Marilyn Adler <marilyn@sunrisecorp.com>  
**Sent:** Sun Dec 19 16:54:33 2004  
**Subject:** I think we should do 5mm of the

Workstream. Revs are zooming expenses plummeting and cross selling beginning to take hold. The comps are 2x higher.

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Whatever of the 5mm you don't take I will take personally. We will still be just under 5 %. Need to commit tonight. Announcement before the open. The others buyers are long only and plan to tender at 10 rather than sell. We would have a 20mm profit or a 125% return for 05 on the whole fund.

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